

Message Text

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 6356

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E.O. 11652: N/A

TAGS: EINV ET

SUBJECT: EXPROPRIATION OF ETHIOPIAN PICKLING AND TANNING COMPANY

REF: STATE 217340

1. EMBASSY OFFICER DISCUSSED EXPROPRIATION OF ETHIOPIAN PICKLING AND TANNING COMPANY (EPTC) WITH YOFTAHE KEBEDE, ACTING GENERAL MANAGER OF ETHIOPIAN LEATHER AND SHOE CORPORATION (ELSC), ELSC IS NEWLY-CREATED GOVERNMENT-OWNED CORPORATION WHICH HAS BEEN ESTABLISHED TO MANAGE ALL LEATHER FIRMS NATIONALIZED BY EPMG.

2. YOFTAHE SAID THAT EPTC IS NOW OPERATING AND HAS BEEN OPERATING FOR SEVERAL WEEKS. HE SAID EPTC HAD BEEN CLOSED DOWN BY PRIVATE MANAGERS WELL PRIOR TO NATIONALIZATION. HE MANAGED FIRM, PLUS TWO OTHER TANNERIES, ON GOVERNMENT'S BEHALF FOLLOWING NATIONALIZATION BUT WITH HIS PROMOTION TO HIS PRESENT POST HE HAS DELEGATED DAY-TO-DAY

MANAGEMENT OF EPTC TO ANOTHER LARGER NATIONALIZED FIRM, DIRMAR COMPANY OF ETHIOPIA WHICH IS BEING RUN BY NEW EPMG-APPOINTED GENERAL MANAGER. YOFTAHE EXPLAINED THAT EPTC IS TOO SMALL AN OPERATION FOR GOVERNMENT TO DEVOTE FULL-TIME MANAGER.

3. YOFTAHE SAID COMPENSATION POLICY IS BEING DECIDED BY EPMG. FOLLOWING STATEMENT ON COMPENSATION POLICY, FORMER OWNERS OF EACH NATIONALIZED FIRM WILL HAVE TO NEGOTIATE WITH EPMG. COMMITTEE IS PREPARING RECOMMENDATIONS ON COMPENSATION POLICY WHICH MUST BE SUBMITTED TO EPMG CABINET AND MILITARY GOVERNMENT AUTHORITIES.

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4. YOFTAHE SAID ELSC WOULD WELCOME OPORTUNITY TO WORK WITH AMERICAN INVESTORS IN EPTC ON MARKETING ARRANGEMENTS. HE EMPHASIZED, HOWEVER, THAT HE HAD NO CONTROL OVER COMPENSATION.

5. AS THERE IS NO ISRAELI EMBASSY IN ADDIS ABABA, YOFTAHE SAID HE HAD DISCUSSED EPTC CASE WITH MR. ROSEN OF AMIRAN COMPANY, LOCAL ISRAELI-CONTROLLED FIRM. ROSEN IS ACTING AS UNOFFICIAL REPRESENTATIVE FOR ISRAELI AND AMERICAN INVESTORS.

6. EMBASSY INCLUDES EPTC ON ITS LIST OF CLAIMS FOR COMPENSATION. AS ISRAELI INVESTORS HAD CONTROLLING INTEREST, WE BELIEVE EMBASSY ROLE SHOULD BE LESS THAN IN CASE OF MAJORITY AMERICAN-OWNED FIRMS.

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